Semi-Annual Review Results

Level 3 APC Conference
Government Commercial Purchase Card
Atlanta, GA
March 5, 2004

Don Rhoad

Agenda

- Semi-Annual Review Results
- Most Common Internal Control Weaknesses
- Disciplinary Guidelines
- Control Methods Utilized
- Examples
- Next Semi-Annual Review
- What's Next?

Semi-Annual Review Results

	Sep-01	Mar-02	Sep-02	Mar-03	Sep-03
Split Purchases	2,790	1,911	1,488	663	539
Exceeding Authorized Limits	320	338	253	93	142
Personal Use	196	266	46	73	72
Immediate Need	131	n/a	110	153	120
From Prohibited Items list	728	n/a	605	370	347
Total Infractions	**4,165**	**2,515**	**2,502**	**1,352**	**1,220**

- 1.33 million transactions for reporting period
- $933 million dollar volume for reporting period

Most Common Internal Control Weaknesses reported

- Failure to maintain proper independent receipt and acceptance
- Lack of retention of supporting file documentation
- Failure to maintain a fully documented purchase log
- Failure to certify monthly invoices in a timely manner
- Difficulty in enforcing policy and regulation to CHs
- Lack of rotation of business. Cardholders tend to purchase from the same vendors
- Failure to screen and/or document screening for mandatory sources of supply

Disciplinary Guidelines

- The Chart below is one example of Purchase Card offense and recommended remedies or penalties for such offenses. (Civilian Employees)

OFFENSES	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Unauthorized use of or failure to appropriately monitor use of Government Purchase Charge Card	Reprimand to removal	14-day suspension to removal	30-day suspension to removal

Disciplinary Guidelines (cont)

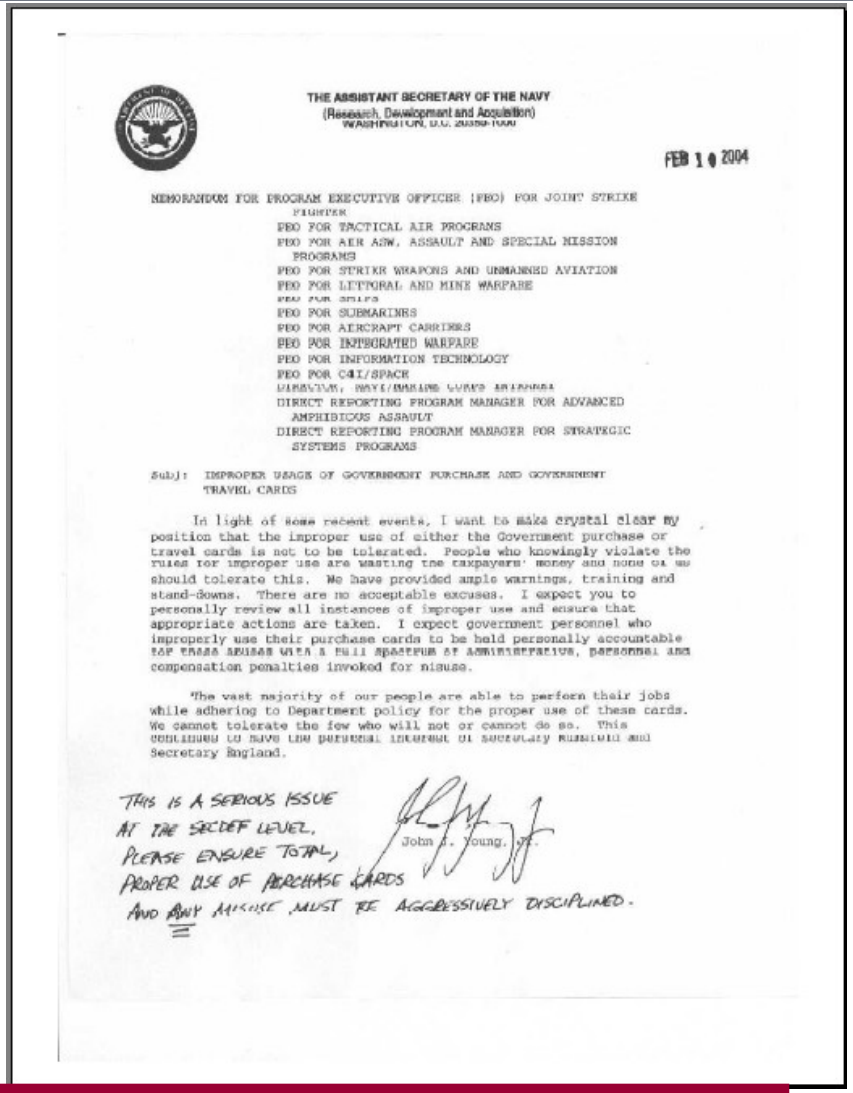
- Actions available for military personnel are counseling, admonishment, reprimand, non-judicial punishment (Article 15 UCMJ), court martial and administrative separation
- Commanders or supervisors are to be informed of situation in a timely manner
- Policy to ensure management emphasis of personal accountability for charge card misuse, does not deprive commanders/supervisors of their discretion on handling cases of misuse in an appropriate manor
- Civilian and Military personnel who misuse their government charge cards may have their access to classified information modified or revoked
- Bottom Line: Appropriately Discipline to fit the circumstances

Control Methods Reported

- Counseling (verbal and written)
- Refresher Training
- Letters of Caution
- Letters of Reprimand
- Letters of Discrepancy
- “Strikes” or “Violations” issued
- Suspension of Card Privileges (varying lengths)
- Cancellation of Card Privileges
- Reimbursement when personal use involved
- Implement policy (IOP)
- Forward matter to NCIS
- Nothing

Improper Usage Not to be Tolerated

- Improper Use of either the Government purchase or travel cards is **not** to be tolerated.
- Expectation that Government personnel who improperly use their card be personally accountable
- Ensure appropriate actions are taken



THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

FEB 10 2004

MEMORANDUM FOR PROGRAM EXECUTIVE OFFICER (PEO) FOR JOINT STRIKE FIGHTER
PEO FOR TACTICAL AIR PROGRAMS
PEO FOR AIR ASW, ASSAULT AND SPECIAL MISSION PROGRAMS
PEO FOR STRIKE WEAPONS AND UNMANNED AVIATION
PEO FOR LITTORAL AND MINE WARFARE
PEO FOR SHIPS
PEO FOR SUBMARINES
PEO FOR AIRCRAFT CARRIERS
PEO FOR INTEGRATED WARFARE
PEO FOR INFORMATION TECHNOLOGY
PEO FOR C4I/SPACE
PEO(USW), NAVY/MARINE CORPS ARTEMIS
DIRECT REPORTING PROGRAM MANAGER FOR ADVANCED AMPHIBIOUS ASSAULT
DIRECT REPORTING PROGRAM MANAGER FOR STRATEGIC SYSTEMS PROGRAMS

Subj: IMPROPER USAGE OF GOVERNMENT PURCHASE AND GOVERNMENT TRAVEL CARDS

In light of some recent events, I want to make crystal clear my position that the improper use of either the Government purchase or travel cards is not to be tolerated. People who knowingly violate the rules for improper use are wasting the taxpayers' money and none of us should tolerate this. We have provided ample warnings, training and stand-downs. There are no acceptable excuses. I expect you to personally review all instances of improper use and ensure that appropriate actions are taken. I expect government personnel who improperly use their purchase cards to be held personally accountable for these abuses with a full spectrum of administrative, personnel and compensation penalties invoked for misuse.

The vast majority of our people are able to perform their jobs while adhering to Department policy for the proper use of these cards. We cannot tolerate the few who will not or cannot do so. This continues to have the personal interest of Secretary Rumsfeld and Secretary England.

THIS IS A SERIOUS ISSUE AT THE SECDEF LEVEL. PLEASE ENSURE TOTAL, PROPER USE OF PURCHASE CARDS AND ANY ABUSE MUST BE AGGRESSIVELY DISCIPLINED.

John J. Young, Jr.

ASN, RD&A Memo of 10 Feb 2004

Next Semi-Annual Review

- The next reporting period is 22 September 2003 to 21 March 2004. The deadline for submission to the DON eBusiness Office is 30 April 2004.
- Responses should be consolidated for your hierarchy at level 3 and one report per major claimant should be submitted to our office
- It is paramount that:
  - submitted on time
  - responses be complete, as requested
  - sent in the required format and
  - with your CO/SES's signature

What's Next

- Continue current SAR through FY 04
- MART
  - Standardization across all APC levels
  - Automated template (web-based)
  - Captured in database
- Piloted in July – many participants
- Roll out for FY 05